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## Spain

### Grain and Feed

### Update November

## 2000

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#### **Report Highlights:**

**New records for wheat, rice and oats production in the year 2000, have resulted in a new record for total Spanish grain crop. Trade sources indicate that the Spanish crop could be about 24 million tons. Due to the large crop, prices for grain and hay declined in marketing year 2000/01. Minimal precipitation in most of Spain from June to November 2000, have resulted in poor pasture conditions.**

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Includes PSD changes: Yes

Includes Trade Matrix: No

Unscheduled Report

Madrid [SP1], SP

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## Executive Summary

Dry weather conditions, prevalent throughout most of Peninsular Spain during September and October 2000 resulted in poor pasture conditions. Due to the fact that frosts usually begin in November, the poor pasture conditions are expected to continue for the next few months. Despite the dry weather, about 20 percent of expected winter grain has been planted. Rains beginning in November improved planting conditions. The total rice crop and most of the corn crop has been harvested due to dry conditions in October and September. Due to a good crop, prices for winter grains have been in general about 15 percent below prices from a year earlier. Prices for corn are about 10 percent above the same period of the previous year. A tender has been open to allocated 450,000 tons of corn under the U.S.-EU Enlargement Agreement during the next few weeks. This fact could stabilize corn price. Updated PS&D's for barley, wheat, durum, corn and rice are provided.

**Wheat**

PSD Table						
Country	Spain					
Commodity	Wheat				(1000 HA)(1000 MT)	
	Revised	1998	Preliminary	1999	Forecast	2000
	Old	New	Old	New	Old	New
Market Year Begin		07/1998		07/1999		07/2000
Area Harvested	1875	1875	2400	2100	2400	2378
Beginning Stocks	293	300	247	297	300	250
Production	5347	5347	5000	4600	7000	7000
TOTAL Mkt. Yr. Imports	4031	3019	4000	4000	2750	1750
Jul-Jun Imports	4031	3019	4000	4000	2750	1750
Jul-Jun Import U.S.	300	327	0	325	0	250
TOTAL SUPPLY	9671	8666	9247	8897	10050	9000
TOTAL Mkt. Yr. Exports	696	503	500	450	500	650
Jul-Jun Exports	696	503	500	450	500	650
Feed Dom. Consumption	5400	3866	5100	4197	5500	4300
TOTAL Dom. Consumption	8728	7866	8447	8197	8800	8100
Ending Stocks	247	297	300	250	750	250
TOTAL DISTRIBUTION	9671	8666	9247	8897	10050	9000

**WHEAT**

Both the total wheat crop and the durum crop have reached records in 2000. The quality of Spanish wheat from the 2000 crop is reportedly good. Despite this fact, a large portion of the crop have been used in feeding. During July, August and September the price for wheat has been about 19,000 pesetas ( \$99) per Metric ton. At this price, wheat has been replacing corn and sorghum from feed formulas. However, in October, the price for wheat in production areas rose to about 20,500 pesetas (\$107) per Metric ton. Despite the record crop, the forecast indicates that about 250,000 tons of wheat could be imported from the United States to meet Spanish consumption needs for high quality wheat. The price for high quality wheat is about 28,000 pesetas(\$149) per Metric ton.

## Durum

PSD Table						
Country	Spain					
Commodity	Wheat, Durum				(1000 HA)(1000 MT)	
	Revised	1998	Preliminary	1999	Forecast	2000
	Old	New	Old	New	Old	New
Market Year Begin		01/1998		01/1999		01/2000
Area Harvested	625	625	500	500	851	864
Beginning Stocks	0	0	0	0	0	0
Production	1290	1290	450	450	1900	1900
TOTAL Mkt. Yr. Imports	190	190	250	250	50	10
Jul-Jun Imports	190	190	250	250	50	10
Jul-Jun Import U.S.	43	43	50	50	50	0
TOTAL SUPPLY	1480	1480	700	700	1950	1910
TOTAL Mkt. Yr. Exports	244	244	100	100	400	500
Jul-Jun Exports	244	244	100	100	400	500
Feed Dom. Consumption	1015	1015	330	330	1280	1060
TOTAL Dom. Consumption	1236	1236	600	600	1550	1410
Ending Stocks	0	0	0	0	0	0
TOTAL DISTRIBUTION	1480	1480	700	700	1950	1910

The Spanish durum crop reached a new record in 2000. The quality of Spanish durum is reportedly good. The low prices and the good quality of Spanish durum are preventing exports of durum from the United States and Canada to EU countries. The FOB price at the Spanish port is about 24,500 pesetas (\$123) per Metric ton in November, 2000. According to trade sources, the CIF price for U.S. Durum is about 33,000 Pesetas (\$172) per ton. The low price for the Spanish durum is encouraging the use of semolina in bread production and pasta consumption.

## Barley

PSD Table						
Country	Spain					
Commodity	Barley				(1000 HA)(1000 MT)	
	Revised	1998	Preliminary	1999	Forecast	2000
	Old	New	Old	New	Old	New
Market Year Begin		07/1998		07/1999		07/2000
Area Harvested	3526	3526	3107	3107	3250	3215
Beginning Stocks	1257	400	2352	1200	1236	200
Production	10902	10900	7434	7434	10800	11000
TOTAL Mkt. Yr. Imports	123	167	250	600	100	150
Oct-Sep Imports	147	167	200	600	100	150
Oct-Sep Import U.S.	0	0	0	0	0	0
TOTAL SUPPLY	12282	11467	10036	9234	12136	10850
TOTAL Mkt. Yr. Exports	430	365	500	300	500	200
Oct-Sep Exports	663	400	500	300	500	200
Feed Dom. Consumption	8400	8802	7200	7634	8600	9000
TOTAL Dom. Consumption	9500	9902	8300	8734	9734	10100
Ending Stocks	2352	1200	1236	200	1902	550
TOTAL DISTRIBUTION	12282	11467	10036	9234	12136	10850

The good crop resulted in a dramatic decline in prices. During June , July , August and September prices in production areas were below 18,000 pesetas (\$90) per ton. Due to a new drop of the intervention price for marketing year 2000/01, reduced sales to intervention are expected. The intervention price for November is 18,510 pesetas (\$93) per Metric ton. In most of grain areas the price for barley in November is marginally higher than intervention price. Due to the reduced price for barley the use of barley in feed formulas is extremely high. In addition, the lack of rains in September and October in livestock areas located in central, southern and western Spain will encourage the barley consumption in these extensive livestock areas.

## Corn

PSD Table						
Country	Spain					
Commodity	Corn				(1000 HA)(1000 MT)	
	Revised	1998	Preliminary	1999	Forecast	2000
	Old	New	Old	New	Old	New
Market Year Begin		07/1998		07/1999		07/2000
Area Harvested	455	455	399	399	360	425
Beginning Stocks	551	550	400	400	400	400
Production	4265	4265	3777	3777	3400	4000
TOTAL Mkt. Yr. Imports	3299	2855	2900	2900	2800	2500
Oct-Sep Imports	3007	2855	2900	2900	2500	2800
Oct-Sep Import U.S.	93	136	3	3	3	3
TOTAL SUPPLY	8115	7670	7077	7077	6600	6900
TOTAL Mkt. Yr. Exports	158	113	100	100	100	200
Oct-Sep Exports	110	113	100	100	100	200
Feed Dom. Consumption	5850	6157	5577	5577	5100	5300
TOTAL Dom. Consumption	6850	7157	6577	6577	6100	6300
Ending Stocks	1107	400	400	400	400	400
TOTAL DISTRIBUTION	8115	7670	7077	7077	6600	6900

The drop in the crop area in southern Spain was compensated by a larger area in northern Spain. New statistics from the Spanish Ministry of Agriculture reflect a crop area of about 425,000 hectares. Due to dry weather in September and October most of corn area has been harvested. The price for corn is ranging between 22,500 pesetas (\$117) and 25,000 pesetas (\$130) pesetas per Metric ton, about ten percent more than in previous year. The area planted with BT corn is about 25,000 hectares.

According to Spanish corn farmers, BT corn yields are 1.4 Metric tons per hectare higher than yields for regular corn. Given CY 1999 import data, EU tenders and estimates of NGFI imports from non EU countries for CY 2000, about 632,916 tons of corn and 75,000 tons of sorghum remain to be imported by Spain under the U.S.-EU Enlargement Agreement by February 28, 2001. A tender has been open to allocated 450,000 tons of corn under the U.S.-EU Enlargement Agreement during the next few weeks which could stabilize corn prices.

**Rice**

PSD Table						
Country	Spain					
Commodity	Rice, Milled				(1000 HA)(1000 MT)	
	Revised	1998	Preliminary	1999	Forecast	2000
	Old	New	Old	New	Old	New
Market Year Begin		07/1998		07/1999		07/2000
Area Harvested	113	113	112	112	114	114
Beginning Stocks	174	115	129	129	135	135
Milled Production	563	563	591	591	595	595
Rough Production	804	804	845	845	850	850
MILLING RATE (.9999)	7000	700	7000	7000	7000	7000
TOTAL Imports	75	94	95	95	95	85
Jan-Dec Imports	75	94	95	95	95	85
Jan-Dec Import U.S.	0	24	25	25	25	25
TOTAL SUPPLY	812	772	815	815	825	815
TOTAL Exports	270	293	330	330	340	330
Jan-Dec Exports	270	300	310	310	340	330
TOTAL Dom. Consumption	350	350	350	350	350	350
Ending Stocks	192	129	135	135	135	135
TOTAL DISTRIBUTION	812	772	815	815	825	815

Spanish rice production could reach a new record in 2000. While prices are relatively low and in some areas below the intervention price, rice production remains profitable under the current intervention price and direct payment regime. For the year 2000, the crop area has been above 104,973 HA., which is the quota area established for Spain, consequently the direct payments will be reduced by about 46 percent. Despite this dramatic reduction in direct payments, rice production is expected to remain profitable. Spanish intervention stocks have risen to 156,000 tons of paddy, mainly japonica, rice. Due to the fact that in some areas the price for rice remain below the intervention price, additional sales to intervention are expected.